

**Charlotte Public Schools
Charlotte, Michigan**

FINANCIAL STATEMENTS

June 30, 2005

Charlotte Public Schools

Charlotte, Michigan

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June 30, 2005

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Charlotte Public Schools

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Charlotte Public Schools
Charlotte, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Charlotte Public Schools as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charlotte Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Charlotte Public Schools as of June 30, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2005 on our consideration of Charlotte Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The administration's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Charlotte Public Schools' basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

August 18, 2005

**Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2005**

This section of Charlotte Public Schools' annual report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2005. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Charlotte Public Schools, a K-12 school district located in Eaton County, Michigan, is in its third year under the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) with the enclosed financial statements. The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the Charlotte Public Schools' Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2005.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Charlotte Public Schools financially as a whole. The *District-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and longer-term view of the finances. The *Fund Financial Statements* provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds - the General Fund individually, and the Special Revenue Funds, Debt Service Funds, 1999 Bond Project Fund and the 2002 Bond Project Fund, collectively as other nonmajor governmental funds. The remaining statements, the statement of fiduciary net assets, and the statement of changes in fiduciary net assets, present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

District-Wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the basic financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. These statements are prepared to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net assets - the difference between assets and liabilities, as reported in the Statement of Net Assets - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net assets - as reported in the Statement of Activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The Statement of Net Assets and Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, supporting services, community services, athletics, and food service. Property taxes, unrestricted State Aid (foundation allowance revenue), State and Federal grants, and other local dollars finance most of these activities.

District-Wide Financial Statements - continued

The district-wide financial statements are full accrual basis statements. They report all the District's assets and liabilities, both short and long-term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Service Funds solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Assets of the district-wide financial statements.

Fund Financial Statements

The fund level financial statements are reported on the modified accrual basis. Only those assets that are "measurable" and "available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Debt Service Funds, the Special Revenue (School Service) Funds which are comprised of: Food Service, Athletics, Performing Arts and Capital Project Funds.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No capital assets are reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

District Financial Activities:

The recent good health of the District's finances can be credited to the following innovative management approaches during a time of restricted state funding due to a weak economy and significant tax reductions at the state level:

- A board policy which requires a balanced budget with a fund balance goal of 12 percent of annual expenditures.
- The establishment of fund balance designation at the fund financial statement level for future technology replacement.
- Utilization of a total cost compensation approach for the negotiation of employee contracts with the District's eight employee groups.

Administration's Discussion and Analysis For Fiscal Year Ended June 30, 2005

Summary of Net Assets:

The following summarizes the net assets as of June 30, 2005.

Condensed Statement of Net Assets as of June 30, 2005 and 2004		
	Governmental Activities 2005	Governmental Activities 2004
Assets		
Current and other assets	\$ 9,605,123	\$ 12,321,196
Noncurrent Assets	<u>61,548,409</u>	<u>61,050,439</u>
Total Assets	71,153,532	73,371,635
Liabilities		
Current Liabilities	7,434,724	7,955,708
Noncurrent Liabilities	<u>59,737,687</u>	<u>61,423,942</u>
Total Liabilities	67,172,411	69,379,650
Net Assets		
Invested in capital assets, net of related debt	523,613	(1,483,897)
Restricted	-	1,126,298
Unrestricted	<u>3,457,508</u>	<u>4,349,584</u>
Total Net Assets	<u>\$ 3,981,121</u>	<u>\$ 3,991,985</u>

Analysis of Financial Position:

As detailed above, the District shows a positive total net asset value of \$3,981,121 for the fiscal year ended June 30, 2005. This statement has been affected by the following factors:

- Major construction projects became necessary to replace worn out facilities to meet the needs of students. Construction of new facilities and major modifications to other facilities began in 1999 and continued through the 2004-2005 year.
- Significant debt, (\$62.8 million) was incurred by the District in 1999 and 2002 to pay for the facility modification projects.

Administration's Discussion and Analysis For Fiscal Year Ended June 30, 2005

Results of Operations:

For the fiscal year ended June 30, 2005 and 2004, the district-wide results of operations were:

Condensed Statement of Activities Year Ended June 30, 2005 and 2004		
	Governmental Activities 2005	Governmental Activities 2004
Revenues:		
Program Revenues		
Charges for Service	\$ 1,439,858	\$ 1,057,957
Operating and Capital Grants	2,622,667	2,355,110
General Revenues		
Property Taxes	5,606,032	5,321,095
State School Aid-unrestricted	20,428,222	20,247,413
Other	568,868	853,157
Total Revenues	30,665,647	29,834,732
Functions/Program Expenses:		
Instruction	14,557,214	15,023,019
Supporting services	8,687,699	9,441,714
Community services	815,539	343,254
Food service	1,031,251	1,002,556
Athletics	573,320	594,423
Interest on long-term debt	2,120,194	3,156,221
Other	878,892	-
Unallocated depreciation	2,012,402	2,331,530
Total Expenses	\$ 30,676,511	\$ 31,892,717
(Decrease) in Net Assets	\$ (10,864)	\$ (2,057,985)

Analysis of Results of Operations:

During fiscal year ended June 30, 2005, the District's net assets decreased by \$10,864. Several factors which helped cause the reduction are discussed in the following sections.

A. Governmental Fund Operating Results

The District's expenditures from governmental fund operations exceeded revenues by \$2,136,759 for the fiscal year ended June 30, 2005, mainly due to the expending of prior year bond proceeds in capital projects funds on the modified accrual basis of \$1,935,773 (current year capital outlay for the two capital projects funds). A majority of the assets were capitalized on the district-wide financial statements. Further discussion of the District's operating results is available in the section entitled "Results of 2004-2005 Operations" located on the following pages.

B. Depreciation Expense

The cost of capital assets is allocated over the useful lives of the assets as depreciation expense. During 2004-2005, district assets depreciated in the amount of \$2,012,402, causing a reduction in net district assets.

C. Long-Term Debt Activities

The District reduced its long-term debt obligation during 2004-2005 by making principal payments amounting to \$1,225,000. Additional debt of \$706,525 in the form of principal and interest accrued on outstanding debt was incurred by the District during the fiscal year through the State of Michigan School Bond Loan Fund and accrued severance pay was reduced during the year by \$90,894. The District sold \$33,705,000 of Refunding Bonds as a means of refinancing its existing 1999 Debt, thereby reducing long-term debt by \$991,065. As a result of these activities, net district long-term debt liabilities decreased by \$1,600,434.

Results of 2004-2005 Operations

During fiscal year ended June 30, 2005, the District net assets decreased by \$10,864. A few additional significant factors affecting net assets during the year are discussed below:

A. General Fund Operations

The General Fund is the main fund for the District and includes all the costs related to educating the students of the Charlotte Public Schools such as: Salaries and benefits for Teachers, Classroom Paraprofessionals, Administrators, Secretaries, Custodians, Maintenance staff, Librarians, Counselors, Bus Drivers and other miscellaneous positions; teaching supplies, employee training, utilities, building maintenance supplies and other.

The District's expenditures from General Fund operations exceeded revenues by \$76,171 for the fiscal year ended June 30, 2005. The General Fund as of June 30, 2005, has a fund balance of \$2,918,167 or 11.3% of expenditures for the 2004-2005 fiscal year. The School District made approximately \$1,500,000 in budget reductions prior to the 2004-2005 fiscal year and most likely will have to continue these reductions for 2005-06 unless funding from the State of Michigan improves.

B. Debt Service Fund Operations

The Debt Service Funds consist of three separate debt funds as follows: 1999 Debt, 2002 Debt and 2005 Debt. The Debt Service Funds are set up to collect taxes and pay annual debt payments. At June 30, 2005, the Debt Service Funds had \$131,297 in fund equity available for future bond payments.

The School District levies taxes to make debt payment obligations. If taxes levied are not sufficient the School District will borrow funds from the Michigan School Bond Loan Fund. Any funds borrowed from the Michigan School Bond Loan Fund will be paid back toward the end of the bond obligations. In the fiscal year ended June 30, 2005, the School District borrowed \$706,525 and the School District has a total obligation of \$3,993,219 to pay back to the Michigan School Bond Loan Fund including interest. The District also had Durant resolution bonds and accrued severance pay outstanding at June 30, 2005, which totaled \$338,127. The District issued \$33,705,000 in 2005 Refunding Bonds in the current year, all of which was outstanding at year end. The District paid principal and then defeased a portion of the 1999 Bonds in the current year amounting to \$34,100,000 to leave \$3,500,000 outstanding on those bonds at year end. The District also paid \$475,000 on the 2002 bonds to leave an outstanding balance at year-end on these bonds of \$20,875,000. A detailed presentation of the District's long-term debt is presented in Note E of the notes to the financial statements.

C. School Service Funds

The Charlotte Public Schools also has school service funds that include the following: Food Service Fund, Athletics Fund and Performing Arts Fund.

The Food Service Fund is a fund that reports the food service program activities. In 2004-2005 the Food Service Fund had revenues of \$1,150,950 and expenditures of \$1,107,251. The Food Service Fund is self-supporting and reimburses the General Fund for all identified overhead costs associated with its operation. The Food Service Fund had a fund balance of \$194,365.

The Athletics Fund includes all costs for high school and middle school athletic programs including the cost for coaches, officials, supplies, tournaments, and miscellaneous. Transportation cost is accounted for in the General Fund. In 2004-2005 the Athletics Fund had revenues of \$604,635 and expenditures of \$573,320. The Athletics Fund generated \$259,103 in revenue from gate receipts, passes, fees, donations, and other miscellaneous items. The Athletics Fund must be a balanced budget and the District contributed \$345,532 from the General Fund to balance the fund. The Athletics Fund had a fund balance of \$47,442.

The Performing Arts Fund is a fund that reports activities of the professional performances at the Charlotte Performing Arts Center, including facility rentals. In 2004-2005 the Performing Arts Fund was self-sufficient with revenues of \$138,922 and expenditures of \$138,640. At the conclusion of its first year of operation in 2004-2005, the Performing Arts Center had a fund balance of \$282.

D. Net Investment in Capital Assets

The District's net investment in capital assets increased by \$497,970 during the fiscal year. This can be summarized as follows:

	<u>Balance June 30, 2004</u>	<u>Net Change</u>	<u>Balance June 30, 2005</u>
Capital assets	\$ 78,074,423	\$ 1,491,633	\$ 79,566,056
Less: accumulated depreciation	<u>(17,023,984)</u>	<u>(993,663)</u>	<u>(18,017,647)</u>
Net investment in capital outlay	<u>\$ 61,050,439</u>	<u>\$ 497,970</u>	<u>\$ 61,548,409</u>

In 1999, Charlotte Public Schools voters approved a \$40,660,000 general obligation bond issue. In 2001, another general obligation bond issue totaling \$22,175,000 was approved by voters. The proceeds from those bond issues were used for constructing new facilities and additions and partial remodeling of existing school facilities, and equipping and re-equipping facilities.

IMPORTANT ECONOMIC FACTORS**A. State of Michigan Unrestricted Aid (Net State Foundation Grant)**

The State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment - Blended at 75 percent of prior year's fall count and 25 percent of prior year's winter count
- c. The District's non-homestead property valuation.

**Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2005****B. Per Student Foundation Allowance**

Annually, the State of Michigan establishes the per student foundation allowance. The Charlotte Public Schools foundation allowance was \$6,700 per student for the 2004-2005 school year. This is an increase of \$74 from Charlotte Public Schools 2003-04 foundation allowance of \$6,626 per student.

C. Student Enrollment

The District's student enrollment for the fall count of 2004-2005 was 3,375 students. The District's enrollment increased slightly from the prior school year's Fall student count.

The following summarizes fall student enrollments in the past five years:

	<u>Student FTE</u>	<u>FTE Change from Prior Year</u>
2004-2005	3,375	16
2003-2004	3,359	23
2002-2003	3,336	8
2001-2002	3,328	24
2000-2001	3,304	(27)

D. Property Taxes levied for General Operations (General Fund Non-Homestead Taxes)

The District levies 18.0000 mills of property taxes for operations (General Fund) on Non-Homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or five (5) percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value. The District's non-homestead property tax revenue for 2004-2005 fiscal year was \$2,182,993. The non-homestead tax levy collections increased by 5.1% over the prior year.

In June 2003, the District was successful in passing a Headlee Ballot Proposal which will have the effect of allowing the District to levy during the next five years the full 18 mill non-homestead millage for operations as originally approved by voters in 1996. The 18 mill levy expires with the Winter 2005 levy. The District shall seek a renewal in Spring 2006.

E. Debt Fund Property Taxes

The District's debt fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties: homestead and non-homestead.

For 2004-2005 the District's debt millage levy was 7.59 mills, which generated revenue of \$3,438,190.

GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENDITURES

Listed below is an analysis of the original budget and final budget to the final actual.

General Fund Expenditures and Other Uses Budget vs. Actual

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variances</u>	
				<u>Actual & Original Budget</u>	<u>Actual & Final Budget</u>
2004-2005	25,313,947	25,870,701	25,812,897	(2.0%)	.2%
2003-2004	25,056,152	24,946,793	24,518,325	2.1%	1.7%

Charlotte Public Schools

Administration's Discussion and Analysis For Fiscal Year Ended June 30, 2005

General Fund Revenues and Other Sources, Budget vs. Actual

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variances</u>	
				<u>Actual & Original Budget</u>	<u>Actual & Final Budget</u>
2004-2005	25,313,947	25,724,736	25,736,726	1.6%	.0%
2003-2004	25,068,387	25,204,634	25,221,161	.6%	.1%

Original vs. Final Budget:

The Uniform Budget Act of the State of Michigan requires that the Board of Education approve the original budget for the upcoming year prior to July 1, the start of the fiscal year.

As a matter of practice, Charlotte Public Schools amends its budget periodically during the school year. The May 2005 budget amendment was the final budget for the fiscal year.

General Fund Expenditures:

The District's budget for expenditures changed as follows during the year:

		<u>Percent</u>
Total Expenditures Original Budget	\$ 25,313,947	100.0
Total Expenditures Final Budget	<u>25,870,701</u>	<u>102.2</u>
Increase in Budget Expenditures	<u>\$ 556,754</u>	<u>2.2</u>

The District's actual expenditures were less than the final budget by \$57,804 or .2 percent.

Some of the significant changes in expenditure budgets for the year include:

- Interest expense on borrowing for operations was increased from \$18,600 to \$36,600 due to an increase in interest rates.
- Basic instruction costs were increased by \$134,017 compared to the original budget.
- Added needs costs increased by \$53,583.
- Operation and maintenance costs increased from \$2,493,023 to \$2,534,522.
- Anticipated passthrough Special Education transportation reimbursement of \$246,000 was deferred to succeeding year.

Revenue Change from Original to Final Budget:

		<u>Percent</u>
Total Revenues Original Budget	\$ 25,313,947	100.0
Total Revenues Final Budget	<u>25,724,736</u>	<u>101.6</u>
Increase in Budget Revenues	<u>\$ 410,789</u>	<u>1.6</u>

The District's final actual general fund revenues differed from the final budget by \$11,990, a variance of 0% from the final budget.

**Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2005**

The Final revenue budget reflects the following changes from the Original Budget.

- State aid was increased by \$334,100, due to increased student count.
- Federal funding for grants was decreased by \$15,349.
- Special Education revenue increased by \$162,184 from the county.

Additional Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration considered many factors when setting the School District's 2006 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2006 fiscal year is 25 percent and 75 percent of the February 2005 and September 2005 student counts, respectively. The 2006 fiscal year budget was adopted in May 2005, based on an estimate of students that will be enrolled in September 2005. Approximately 80 percent to 85 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2005-2006 school year, we anticipate that the fall student count will be slightly higher than the estimates used in creating the 2006 fiscal year budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State Funding and the status of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts.

Contacting the District's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Charlotte Public Schools, 378 State Street, Charlotte, Michigan 48813.

BASIC FINANCIAL STATEMENTS

Charlotte Public Schools
STATEMENT OF NET ASSETS
June 30, 2005

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 4,999,394
Accounts receivable	58,310
Taxes receivable	112,288
Due from other governmental units	4,366,435
Inventories	45,377
Prepays	23,319
	<hr/>
Total current assets	9,605,123
Noncurrent assets	
Capital assets, net of accumulated depreciation	<hr/> 61,548,409
	<hr/>
TOTAL ASSETS	71,153,532
LIABILITIES	
Current liabilities	
Accounts payable	324,297
Accrued payroll	1,407,613
Other accrued liabilities	890,742
Due to other governmental units	453,275
Accrued interest payable	463,297
Deferred revenue	30,375
Short-term notes payable	2,500,000
Current portion of accrued severance	13,495
Current portion of long-term debt	1,351,630
	<hr/>
Total current liabilities	7,434,724
Noncurrent liabilities	
Accrued interest payable	37,531
Accrued severance payable	26,990
Noncurrent portion of long-term debt	59,673,166
	<hr/>
Total noncurrent liabilities	59,737,687
	<hr/>
TOTAL LIABILITIES	67,172,411
NET ASSETS	
Invested in capital assets, net of related debt	523,613
Unrestricted	3,457,508
	<hr/>
TOTAL NET ASSETS	<hr/> \$ 3,981,121 <hr/>

See accompanying notes to financial statements.

Charlotte Public Schools

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2005

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 14,557,214	\$ 33,526	\$ 1,489,904	\$ (13,033,784)
Supporting services	8,687,699	35,141	445,968	(8,199,430)
Community services	815,539	480,838	46,890	(171,697)
Food Service	1,031,251	653,631	494,481	116,861
Athletics	573,320	236,722	-	(314,448)
Interest on long-term debt	2,120,194	-	-	(2,120,194)
Other	878,892	-	-	(878,892)
Unallocated depreciation	2,012,402	-	-	(2,012,402)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 30,676,511	\$ 1,439,858	\$ 2,477,243	(26,613,986)
General Revenues				
Property taxes				5,606,032
State school aid - unrestricted				20,428,222
Investment earnings				77,016
Special Education county allocation				251,744
Miscellaneous				240,108
TOTAL GENERAL REVENUES				26,603,122
CHANGE IN NET ASSETS				(10,864)
Net assets, beginning of year				3,991,985
Net assets, end of year				\$ 3,981,121

See accompanying notes to financial statements.

Charlotte Public Schools

GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2005

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,516,454	\$ 1,482,940	\$ 4,999,394
Accounts receivable	50,224	8,086	58,310
Taxes receivable	60,202	52,086	112,288
Due from other funds	344,146	3,386	347,532
Due from other governmental units	4,364,035	2,400	4,366,435
Inventories	9,555	35,822	45,377
Prepays	16,092	7,227	23,319
TOTAL ASSETS	\$ 8,360,708	\$ 1,591,947	\$ 9,952,655
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 200,996	\$ 123,301	\$ 324,297
Accrued payroll	1,378,589	29,024	1,407,613
Other accrued liabilities	877,773	12,969	890,742
Due to other funds	3,383	344,149	347,532
Due to other governmental units	453,275	-	453,275
Deferred revenue	28,525	1,850	30,375
Short-term notes payable	2,500,000	-	2,500,000
TOTAL LIABILITIES	5,442,541	511,293	5,953,834
FUND BALANCE			
Reserved for:			
Inventories and prepaids	25,647	43,049	68,696
Debt service	-	131,297	131,297
Unreserved			
Designated for:			
Capital projects	-	707,268	707,268
Other purposes	414,397	-	414,397
Subsequent year's expenditures	-	10,200	10,200
Undesignated, reported in:			
General fund	2,478,123	-	2,478,123
Special revenue funds	-	188,840	188,840
TOTAL FUND BALANCE	2,918,167	1,080,654	3,998,821
TOTAL LIABILITIES AND FUND BALANCE	\$ 8,360,708	\$ 1,591,947	\$ 9,952,655

See accompanying notes to financial statements.

Charlotte Public Schools

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET WITH
THE STATEMENT OF NET ASSETS

June 30, 2005

Total fund balance - governmental funds **\$ 3,998,821**

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 79,566,056	
Accumulated depreciation is	<u>(18,017,647)</u>	61,548,409

Long-term liabilities are not due and payable in the current period
and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Deferred charges, net of current amortization	1,346,065	
Bonds and loans payable	(62,370,861)	
Accrued interest payable	(500,828)	
Severance pay	<u>(40,485)</u>	<u>(61,566,109)</u>

Net assets of governmental activities **\$ 3,981,121**

See accompanying notes to financial statements.

Charlotte Public Schools

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

Year Ended June 30, 2005

	General	Nonmajor Governmental Funds	Totals Governmental Funds
REVENUES			
Local sources	\$ 3,028,052	\$ 4,511,607	\$ 7,539,659
State sources	21,285,038	55,831	21,340,869
Federal sources	674,941	438,650	1,113,591
OTHER FINANCING SOURCES			
Transfers from other funds	77,168	345,532	422,700
Bond premium	-	1,402,151	1,402,151
Bond and loan proceeds	-	34,305,096	34,305,096
County special education allocation	251,744	-	251,744
Payments from other governments	242,916	-	242,916
Other transactions	176,867	-	176,867
TOTAL REVENUES AND OTHER FINANCING SOURCES	25,736,726	41,058,867	66,795,593
EXPENDITURES			
Current			
Instruction	15,421,438	-	15,421,438
Supporting services	8,488,968	-	8,488,968
Community service	678,067	-	678,067
Food service	-	1,031,251	1,031,251
Athletics	-	573,320	573,320
Performing arts	-	137,472	137,472
Debt service			
Principal retirement	-	1,225,000	1,225,000
Interest, fiscal and other charges	-	3,362,821	3,362,821
Capital outlay	-	1,935,773	1,935,773
OTHER FINANCING USES			
Transfers to other funds	345,532	77,168	422,700
Transfer to escrow agent	-	34,776,650	34,776,650
Payments to other districts	860,199	-	860,199
Other transactions	18,693	-	18,693
TOTAL EXPENDITURES AND OTHER FINANCING USES	25,812,897	43,119,455	68,932,352
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES AND OTHER FINANCING USES	(76,171)	(2,060,588)	(2,136,759)
Fund balances, beginning of year	2,994,338	3,141,242	6,135,580
Fund balances, end of year	\$ 2,918,167	\$ 1,080,654	\$ 3,998,821

See accompanying notes to financial statements.

Charlotte Public Schools

RECONCILIATION OF THE CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

June 30, 2005

Net change in fund balances - total governmental funds **\$ (2,136,759)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	2,709,103	
Net effect of disposal of capital assets	(198,731)	
Depreciation expense	<u>(2,012,402)</u>	
Excess of capital outlay over depreciation expense and other charges		497,970

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. Also, governmental funds report the effect of the difference between the carrying amount of defeased debt and its reacquisition price when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the current year, these amounts consist of:

Net effect of long-term debt issuance and related items	34,696,065	
Bond principal retirement	1,225,000	
Bond and loan proceeds (including SBLF interest)	<u>(34,411,525)</u>	
Excess of bond principal retirement over bond proceeds		1,509,540

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	27,491	
Decrease in accrued severance pay	<u>90,894</u>	
		<u>118,385</u>

Change in net assets of governmental activities **\$ (10,864)**

See accompanying notes to financial statements.

Charlotte Public Schools

Fiduciary Fund

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2005

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,728	\$ 106,813
Investments	155,715	58,000
Total current assets	165,443	164,813
Noncurrent assets		
Investments	14,691	-
TOTAL ASSETS	\$ 180,134	\$ 164,813
LIABILITIES		
Due to individuals		
High School	\$ -	\$ 90,795
Middle School	-	65,813
Galewood Elementary	-	1,907
Parkview Elementary	-	1,841
Washington Elementary	-	3,704
Weymouth Elementary	-	753
TOTAL LIABILITIES	-0-	\$ 164,813
NET ASSETS		
Held in trust for private purposes	\$ 180,134	

See accompanying notes to financial statements.

Charlotte Public Schools

Fiduciary Funds

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year ended June 30, 2005

	Private Purpose Trust Funds
ADDITIONS	
Investment earnings	
Interest	\$ 11,343
DEDUCTIONS	
Other supporting services	109,216
CHANGE IN NET ASSETS	(97,873)
Net assets - beginning of year	278,007
Net assets - end of year	<u>\$ 180,134</u>

See accompanying notes to financial statements.

Charlotte Public Schools
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Charlotte Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity*, and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of Charlotte Public Schools (primary government). The District has no activities that would be classified as component units.

2. Basis of Presentation

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the district-wide statements) present information for the district as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the district-wide statements). Interfund activity has been eliminated in the preparation of the district-wide financial statements.

The district-wide and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations are provided that explain the differences in detail.

The statement of activities presents the direct functional expenses of the District and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State aid payments and other general revenues and shows how governmental functions are either self-financing or supported by the general revenues of the District.

FUND FINANCIAL STATEMENTS

The governmental fund financial statements present the District's individual major fund and aggregated nonmajor funds. A separate column is shown for the major fund on the balance sheet and statement of revenues, expenditures, and changes in fund balances. Nonmajor funds are combined and shown in a single column.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The major fund of the District is:

- a. General Fund - The General Fund is used to account for money or other resources provided to the District to support the educational programs and general operations of the District.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Accounting

Basis of accounting refers to the timing under which transactions are recognized for financial reporting purposes. Governmental fund financial statements use the modified accrual basis of accounting. The district-wide and fiduciary fund financial statements are prepared using the accrual basis of accounting.

Under the accrual basis of accounting, revenue is recorded in the period in which it is earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Property tax revenue is recognized in the fiscal year for which it is levied. Revenues for grants, entitlements, and donations are recognized when all eligibility requirements imposed by the provider have been met. Deferred revenue is recorded when resources are received by the District before it has legal claim to them, such as when grant monies are received prior to the incurrence of qualified expenditures.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues susceptible to accrual include property taxes, state and federal aid, and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Resources are considered available if they are collected during the current fiscal year or soon enough afterward to be used in payment of current year liabilities - defined as expected to be received within sixty days of year-end. Deferred revenues also arise when the District receives resources before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

4. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types.

The District does not maintain a formalized encumbrance accounting system. All annual appropriations lapse at fiscal year end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means for financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amounts appropriated.
- d. The budgets are legally adopted to the functional level; however, they are maintained at the object level for control purposes. Any revisions that alter the total expenditures at the functional level must be approved by the School Board.

Charlotte Public Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Budgets and Budgetary Accounting - continued

- e. The Superintendent is authorized to transfer budgeted amounts for purposes of meeting emergency needs of the District; however, these transfers must be approved subsequently by the Board of Education.
- f. Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
- g. The budget, as presented, has been amended in a legally permissible manner. Two (2) supplemental appropriations were made during the year with the last approved May 23, 2005.

5. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking accounts, pooled investment funds, and imprest cash with an original maturity of 90 days or less. Cash equivalents are recorded at cost, which approximates market value.

Investments during the year consisted of certificates of deposit and U.S. Government Securities with original maturities of greater than 90 days. Investments are recorded at market value in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

6. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the governmental funds balance sheet.

7. Inventories

Inventories are stated at cost on a first in/first out basis. The Food Services Fund inventory consists of food and paper goods. Inventory amounts are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

8. Due From Other Governmental Units

Due from other governmental units consists of various amounts owed to the District for grant programs and State Aid payments. The State of Michigan's funding stream of State Aid payments results in the final two (2) payments for the fiscal year ended June 30, 2005 to be paid in July and August 2005. Of the total amount of \$4,366,435 due from other governmental units, \$3,864,796 consists of State Aid and the remaining \$501,639 from other governmental grants.

9. Capital Assets

Capital assets include land, buildings, equipment, and vehicles and are recorded (net of accumulated depreciation, if applicable) in the district-wide financial statements. Capital assets are those with an initial individual cost greater than \$5,000 except for new computers, printers, data projectors and televisions which have no cost threshold and all new classrooms (recorded at total content cost) and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the district-wide financial statements. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

Charlotte Public Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Capital Assets - continued

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and additions	15 - 50 years
Equipment and furniture	5 - 20 years
Vehicles	8 years
Other capital equipment	7 - 25 years

The District has no assets that would be classified as infrastructure assets.

10. Compensated Absences

Based on the requirements of GASB Statement No. 16, *Accounting for Compensated Absences*, the District has recorded all liabilities associated with compensated absences. Accumulated vested severance amounts and nonvested severance amounts that are probable to vest and be paid at termination are considered payable from future resources and are recorded along with the related payroll taxes as a long-term liability in the district-wide financial statements.

11. Short-Term Note Obligations

Short-term debt is recognized as a liability of a governmental fund and is included on the balance sheet of the applicable fund. During the current year the District borrowed funds to meet short-term cash flow borrowing needs. The final payment is due and payable in August 2005, and anticipated State Aid is expected to be sufficient to cover this commitment.

12. Accrued Interest Payable

Accrued interest is presented for long-term obligations in the district-wide statements in two components: the portion of accrued interest payable that is due within one year is reported as a current liability, the remaining amount that is not due within one year has been reported as a noncurrent liability. The interest payable on the Durant Resolution bonds that were due May 15, 2003 through May 15, 2005 is shown as a noncurrent liability due to the State of Michigan deferring the payments during this time period until May 15, 2007. Normal payments on the Durant bonds resume in 2006.

13. Long-term Obligations

Long-term debt is recognized as a liability in the district-wide statements when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Charlotte Public Schools
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of December 1 and are due upon receipt of the billing by the taxpayer. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. School District property tax revenues are recognized when levied to the extent that they result in current revenue (collected as of year-end). Amounts received subsequent to June 30 are recognized as revenue when collected.

The District levies taxes of \$18.00 per \$1,000 of taxable valuation on nonhomestead property for general governmental services and \$7.59 per \$1,000 of taxable valuation on the total applicable taxable valuation of all property within the District for debt service. The District is also permitted to levy additional amounts for enhancement and/or debt service if voter approval is obtained.

15. State Foundation Revenue

Beginning with the fiscal year ended June 30, 1995, the State of Michigan adopted a foundation grant approach, which provides for a specific annual amount of revenue per student based on a statewide formula. Prior to the fiscal year ended June 30, 1995 the State utilized a district power equalizing approach. The foundation is funded from State and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of State funds to school districts based on information supplied by the districts. For the year ended June 30, 2005, the foundation allowance was based on the average of pupil membership counts taken in September 2004 and February 2004. The average calculation was weighted 75% for the September 2004 count and 25% for the February 2004 count.

The State portion of the foundation is provided primarily by a State education property tax millage of 6 mills and an allocated portion of State sales and other taxes. The local portion of the foundation is funded primarily by nonhomestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period (currently the fiscal year) and is funded through nine (9) payments made during the fiscal year and two (2) payment made subsequent to year-end. The local revenue is recognized as outlined above under Property Taxes.

16. Interfund Transactions

Interfund transactions are reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers are netted as part of the reconciliation to the district-wide financial statements.

17. Federal Programs

Federal programs are accounted for in the specific governmental funds to which they relate. The District has not integrated its Single Audit reports and financial data as part of the financial statements. The Single Audit reports and financial data will be issued under separate cover as supplementary information to the financial statements.

18. Comparative Data

Comparative data for the prior year has not been presented in the basic financial statements since their inclusion would make the statements unduly complex and difficult to read.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with Michigan Public Act 451 of 1976, Section 1223(1), as amended, the District is authorized to invest its surplus funds in the following types of investments:

1. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
2. Certificates of deposit issued by a State or National bank, savings accounts of a State or Federal savings and loan association, or certificates of deposit or share certificates of a State or Federal credit union organized and authorized to operate in this State.
3. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
4. Securities issued or guaranteed by agencies or instrumentalities of the United States government.
5. United States government or Federal agency obligation repurchase agreements.
6. Bankers' acceptances issued by a bank that is a member of the Federal Depository Insurance Corporation.
7. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a School District.
8. Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a School District.

Michigan Public Acts authorize school districts in Michigan to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations. Deposits of the District are at federally insured banks and credit unions in the State of Michigan in the name of the School District.

Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation (FSLIC), and the National Credit Union Administration regulations provide that deposits of governmental units are to be separately insured for savings deposits and demand deposits up to \$100,000 each. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan School Code Section 1223 allows that security in the form of collateral, surety bond, or another form may be taken for the deposits or investments of a school district in a bank, savings and loan association, or credit union.

Deposits

There is a custodial risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2005, the carrying amount of the District's deposits was \$1,268,040 and the bank balance was \$1,506,835, of which \$407,898 was covered by federal depository insurance. The balance of \$1,098,937 was uninsured and uncollateralized. The District had \$1,384 of cash on hand.

Due to significantly higher cash flow at certain periods during the year, the amount the District held as cash, cash equivalents and investments increased significantly. As a result, the amount of uninsured and uncollateralized cash, cash equivalents, and investments were substantially higher at these peak periods than at year-end.

Charlotte Public Schools
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Investments

As of June 30, 2005, the District had the following investments:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Weighted Average Maturity (Days)</u>
Uncategorized - Pooled investment funds			
Allegiant Treasury Money Market Fund	\$ 590,498	\$ 590,498	365
Dreyfus Government Cash Management Fund	1,436,592	1,436,592	26
School Cash Investment Fund	237,827	237,827	22
Government Cash Management Fund	<u>1,810,000</u>	<u>1,810,000</u>	26
	<u>\$ 4,074,917</u>	<u>\$ 4,074,917</u>	

Credit risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of June 30, 2005, the District's investment in the School Cash Investment Fund had a rating of A1P1. The Dreyfus Government Cash Management Fund, Government Cash Management Fund, and Allegiant Treasury Money Market Fund were not rated by NRSRO's.

Interest rate risk

The District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Concentration of credit risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Board and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business in accordance with Board approved policy.

As of June 30, 2005, the cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and cash equivalents	\$ 4,999,394	\$ 116,541	\$ 5,115,935
Investments - current	-	213,715	213,715
Investments - noncurrent	<u>-</u>	<u>14,691</u>	<u>14,691</u>
	<u>\$ 4,999,394</u>	<u>\$ 344,947</u>	<u>\$ 5,344,341</u>

Charlotte Public Schools
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Balance July 1, 2004</u>	<u>Additions/ Reclassifications</u>	<u>Deletions/ Reclassifications</u>	<u>Balance June 30, 2005</u>
Capital assets not being depreciated				
Land	\$ 220,496	\$ -	\$ -	\$ 220,496
Capital assets being depreciated				
Buildings and additions	46,404,743	20,325,067	144,813	66,584,997
Equipment and furniture	8,045,278	586,039	744,194	7,887,123
Vehicles	2,319,130	-	328,463	1,990,667
Other capital equipment	2,850,261	32,512	-	2,882,773
Construction in progress	<u>18,234,515</u>	<u>-</u>	<u>18,234,515</u>	<u>-0-</u>
Subtotal of capital assets being depreciated	77,853,927	20,943,618	19,451,985	79,345,560
Less accumulated depreciation for:				
Buildings and additions	(9,012,402)	(1,244,111)	(10,427)	(10,246,086)
Equipment and furniture	(4,735,774)	(428,046)	(738,369)	(4,425,451)
Vehicles	(1,860,944)	(106,413)	(269,943)	(1,697,414)
Other capital equipment	<u>(1,414,864)</u>	<u>(233,832)</u>	<u>-</u>	<u>(1,648,696)</u>
Subtotal	<u>(17,023,984)</u>	<u>(2,012,402)</u>	<u>(1,018,739)</u>	<u>(18,017,647)</u>
Net capital assets being depreciated	<u>60,829,943</u>	<u>18,931,216</u>	<u>18,433,246</u>	<u>61,327,913</u>
Capital assets, net	<u>\$ 61,050,439</u>	<u>\$ 18,931,216</u>	<u>\$ 18,433,246</u>	<u>\$ 61,548,409</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated". The \$18,234,515 reduction to construction in progress is included in the increase to buildings and additions and was the result of the completion and placing into service a building in the current year. Capital outlay cost was recognized in a previous year.

NOTE D: SHORT-TERM NOTES

On August 20, 2004, the District issued a short-term State School Aid Anticipation Note in the amount of \$2,500,000 for the purpose of funding operating expenditures until the 2005 State Aid payments resumed. This short-term note, which has a net outstanding balance of \$2,500,000 at June 30, 2005, is reported in the General Fund under the caption short-term notes payable. The outstanding balance is due August 19, 2005.

Charlotte Public Schools

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE E: LONG-TERM DEBT

The following is a summary of changes in long-term debt obligations of the District for the year ended June 30, 2005.

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Amounts Due Within One Year
2005 Refunding Bonds	\$ -	\$33,705,000	\$ -	\$33,705,000	\$ 75,000
1999 School Buildings and Site General Obligation Bonds	37,600,000	-	34,100,000	3,500,000	800,000
2002 School Buildings and Site General Obligation Bonds	21,350,000	-	475,000	20,875,000	500,000
1998 Durant Resolution Bonds	297,642	-	-	297,642	32,716
Michigan School Bond Loans Principal and interest	3,286,694	706,525	-	3,993,219	-
Severance Pay	<u>131,379</u>		<u>90,894</u>	<u>40,485</u>	<u>13,495</u>
	62,665,715	34,411,525	34,665,894	62,411,346	1,421,211
Less deferred amounts on refunding	<u>-</u>	<u>1,402,151</u>	<u>56,086</u>	<u>1,346,065</u>	<u>56,086</u>
Total	<u>\$62,665,715</u>	<u>\$33,009,374</u>	<u>\$34,609,808</u>	<u>\$61,065,281</u>	<u>\$ 1,365,125</u>

Significant details regarding outstanding long-term debt (including current portions) are presented below:

General Obligation Bonds

\$33,705,000 Refunding Bonds dated May 4, 2005, due in annual installments ranging from \$75,000 to \$2,185,000 through May 1, 2029, with interest ranging from 3.00 to 5.00 percent, payable semi-annually. \$ 33,705,000

\$40,660,000 School Buildings and Site General Obligation Bonds dated July 13, 1999, due in annual installments ranging from \$800,000 to \$950,000 through May 1, 2009, with interest ranging from 5.00 to 5.25 percent, payable semi-annually. 3,500,000

\$22,175,000 School Buildings and Site General Obligation Bonds dated March 1, 2002, due in annual installments ranging from \$500,000 to \$1,650,000 through May 1, 2027, with interest ranging from 4.30 to 5.00 percent, payable semi-annually. 20,875,000

\$ 58,080,000

Resolution Bonds

\$465,889 1998 Durant Resolution Bonds dated November 15, 1998, due in annual installments from \$22,551 to \$107,760, with interest of 4.761353 percent, payable annually. The annual debt service payments related to these bonds is paid through an annual appropriation from the State of Michigan. The State of Michigan has suspended payments until May 15, 2006. \$ 297,642

Charlotte Public Schools

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE E: LONG-TERM DEBT - CONTINUED

Michigan School Bond Loans

The School District has borrowed on various occasions from the Michigan School Bond Loan Fund. Repayment is due when the School District has funds available as determined by the State of Michigan. Interest accrues on the unpaid balance. During the year the interest rate ranged from 2.625 to 3.25 percent.

The School District borrowed \$600,096 in principal during this fiscal year. The balances at June 30, 2005 are as follows:

Principal balance	\$ 3,662,273
Interest balance	<u>330,946</u>
	<u>\$ 3,993,219</u>

Advance Refunding - Current

On May 4, 2005 the District defeased the portion of the 1999 School Building and Site Bonds, which are due and payable May 1, 2010 through May 1, 2029. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The District issued General Obligation 2005 Refunding Bonds in the amount of \$33,705,000 to provide resources to fund the escrow amounts and pay the costs of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2005, bonds due and payable May 1, 2010 through May 1, 2029 for the 1999 School Building and Site Bonds in the amount of \$33,350,000 are considered defeased. The amount transferred to the escrow agent exceeded the amount defeased by \$1,402,151. This amount is being netted against the new debt and amortized over the life of the new debt, which is shorter than the life of the refunded debt.

As a result of the advance refunding, the District decreased its total debt service requirements by \$1,822,852, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,134,080.

Severance Pay

In recognition of services to the District, a severance payment is made to eligible administrators with at least ten (10) years of service. Eligible administrators will be paid up to a maximum of ninety-five days of accumulated sick leave at a rate of \$70 per day.

Under GASB Statement No. 16 requirements, the District has elected to implement the "vesting" method of calculating the compensated absences liability. The amounts accumulated for all employees currently vested are calculated along with an amount for other employees who currently are not vested but are probable to vest in future years. The amounts for employees who currently are not vested are calculated taking total unused sick pay amounts at June 30, 2005 for all nonvested employees and multiplying it by a historical termination percentage. This percentage is based on an estimate of the percentage of employees who have terminated employment fully vested in the past five (5) years.

A summary of the calculated amounts of accrued severance pay and related payroll taxes as of June 30, 2005, which has been recorded in the District-wide financial statements, is as follows:

	<u>Vested Employees</u>	<u>Nonvested Employees</u>	<u>Total</u>
Severance pay	\$ 24,028	\$ 13,580	\$ 37,608
Payroll taxes	<u>1,838</u>	<u>1,039</u>	<u>2,877</u>
	<u>\$ 25,866</u>	<u>\$ 14,619</u>	<u>\$ 40,485</u>

Charlotte Public Schools
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE E: LONG-TERM DEBT - CONTINUED

The annual requirements to pay the debt principal and interest outstanding for the Long-Term Debt are as follows:

Year Ending June 30,	<u>Durant Resolution Bonds</u>		<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 22,551	\$ 10,165	\$ 1,375,000	\$ 2,766,194
2007	107,760	46,623	1,475,000	2,697,756
2008	24,750	7,967	1,550,000	2,623,913
2009	25,928	6,789	1,630,000	2,544,919
2010	27,162	5,554	1,700,000	2,471,456
2011-2015	89,491	8,654	9,825,000	11,200,832
2016-2020	-	-	12,495,000	8,615,922
2021-2025	-	-	16,155,000	5,066,625
2026-2029	-	-	11,875,000	1,031,875
	<u>\$ 297,642</u>	<u>\$ 85,752</u>	<u>\$58,080,000</u>	<u>\$39,019,492</u>

The Durant Resolution Bonds referred to above are bonds whose future debt service payments by the District are contingent on an annual State of Michigan appropriation. This is the only revenue source for making the annual debt service payments on these bonds. If the legislature of the State of Michigan fails to appropriate the funds, in any particular year, the District is under no obligation for payment of that year's debt obligation. The State of Michigan has suspended payments on these bonds until May 15, 2006. It appears this suspension will have no financial impact on Charlotte Public Schools in the future.

It is not possible to project a payment schedule for the Michigan School Bond Loans due to varying interest rates and timing of repayments. As a result, it is not included in the schedule above.

NOTE F: INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 2005 are as follows:

Due to General Fund from:	
Nonmajor governmental funds	<u>\$ 344,146</u>
Due to nonmajor governmental funds from:	
General fund	\$ 3,383
Nonmajor governmental funds	<u>3</u>
	<u>\$ 3,386</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE G: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfers to General Fund from:	
Nonmajor governmental funds	\$ <u>77,168</u>
Transfers to nonmajor governmental funds from:	
General Fund	\$ <u>345,532</u>

NOTE H: EMPLOYEE RETIREMENT SYSTEM

All of the District's employees, except students, are eligible to participate in the State wide Michigan Public School Employees' Retirement System (MPERS), a multiple-employer, cost-sharing, State wide public employee retirement system. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. The report for the fiscal year-end September 30, 2004, the last year available, may be obtained by contacting the State of Michigan, Department of Management and Budget.

The payroll for employees covered by the MPERS for the year ended June 30, 2005 was \$15,580,596 of which \$11,442,600 was for members who have elected the MIP option; the District's total payroll was \$15,806,481.

Effective January 1, 1987, Act 91 of the Public Acts of 1985 established a voluntary contribution to the Member Investment Plan (MIP). Employees first hired before January 1, 1990, made a one-time irrevocable election to contribute to the tax deferred MIP. For a limited period ended January 1, 1993, an active Basic Plan member may have enrolled in MIP by repaying the contributions and interest that would have been made had MIP enrollment occurred initially prior to January 1, 1990. Employees first hired on or after January 1, 1990, will automatically be included in MIP.

Members in MIP may retire at any age after attaining thirty years of credited service, or at age sixty while still working with a minimum total of five (5) years of credited service, with credited service in each of the five (5) school fiscal years immediately preceding the retirement allowance effective date. The retirement allowance is calculated using a formula of 1.5% of the member's final average compensation multiplied by the total number of years of credited service.

Employees who did not elect the MIP option fall under the MPERS Basic Plan and may retire after attaining age sixty with ten (10) years of credited service; or attaining age fifty-five with thirty or more years of credited service; or attaining age fifty-five while still working with at least fifteen (15) but fewer than thirty years of credited service in each of the five (5) school fiscal years immediately preceding the retirement allowance effective date. The retirement allowance is computed using a formula of 1.5% of the average of the highest total earnings during a period of sixty consecutive months (five (5) years) multiplied by the total years to the nearest tenth of a year of credited service.

The MPERS also provides death and disability benefits and health and medical, dental, vision, and hearing insurance coverage. Benefits are established by State statute.

For the period of July 1, 2004 to September 30, 2004, the District was required by State statute to contribute 12.99% of covered compensation for all wages to the Plan. For the period of October 1, 2004 to June 30, 2005 the District is required by State statute to contribute 14.87% of covered compensation for all wages to the Plan. The total amount contributed to the Plan for the year ended June 30, 2005, and the previous two (2) years is as follows:

Charlotte Public Schools
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE H: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

<u>June 30,</u>	<u>MIP Contributions</u>	<u>District Contributions</u>	<u>Total Contributions</u>
2005	\$ 442,204	\$ 2,261,249	\$ 2,703,453
2004	440,740	2,039,866	2,480,606
2003	427,038	1,976,342	2,403,380

The following represents contributions as a percentage of the applicable covered payroll for the current and preceding two (2) years:

<u>June 30,</u>	<u>MIP Contributions</u>	<u>District Contributions</u>
2005	4.0%	14.4%
2004	4.0	13.0
2003	4.0	12.8

NOTE I: FUND BALANCE RESERVES AND DESIGNATIONS

Reserved fund balance is used to earmark a portion of fund balance to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use. Designated fund balance indicates that portion of fund balance that the District has set aside for specific purposes.

The following are the various fund balance reserves as of June 30, 2005:

General Fund	
Reserved for	
Inventories	\$ 9,555
Prepays	<u>16,092</u>
	25,647
Special Revenue Funds	
Food Services	
Reserved for inventories	35,822
Performing Arts	
Reserved for prepaids	<u>7,227</u>
	43,049
Debt Service Funds	
2005 Debt Service	
Reserved for debt service	9,435
2002 Debt Service	
Reserved for debt service	29,980
1999 Debt Service	
Reserved for debt service	<u>91,882</u>
	<u>131,297</u>
	<u>\$ 199,993</u>

Charlotte Public Schools
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE I: FUND BALANCE RESERVES AND DESIGNATIONS - CONTINUED

The following are the fund balance designations as of June 30, 2005:

General Fund	
Designated for other purposes	
Technology replacement	\$ 400,000
Aquatics center maintenance	<u>14,397</u>
	414,297
Capital Projects Funds	
1999 Bond Projects	
Designated for capital projects	177,170
2002 Bond Projects	
Designated for capital projects	<u>530,098</u>
	<u>707,268</u>
	<u>\$ 1,121,665</u>

NOTE J: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Section 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amount appropriated.

In the body of the budgetary comparison schedules, the District's budgeted expenditures in the General Fund have been adopted and shown at the functional classification level. Budgeted expenditures for Special Revenue Funds have not been presented.

During the year ended June 30, 2005, the District incurred expenditures in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Basic programs	\$10,960,627	\$11,015,001	\$ 54,374
Operations and maintenance	2,447,222	2,457,677	10,455
Transportation	1,190,153	1,214,795	24,642
Other supporting services	125,510	127,687	2,177
Community services	676,749	678,067	1,318
Special Revenue Funds			
Athletics	543,344	573,320	29,976
Food Service	1,097,000	1,107,251	10,251
Performing Arts Center	137,675	138,640	965

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE K: FLEXIBLE BENEFITS PLAN

In February 1996 the District approved by Board action to implement a flexible benefits cafeteria plan established under Section 125 of the Internal Revenue Code. The Plan, available to all employees, who are salaried or hourly and scheduled to twenty (20) hours or more each week, permits them to reduce their salary and put these amounts into a flexible benefits account up to certain limits. The plan allows the employee to reduce their salary and apply it to required premium payments, medical expense reimbursement benefits, or dependent care benefits. A participating employee may elect instead a cash alternative to supplement salary compensation in lieu of a nontaxable health benefit. An employee's elected cash alternative will be considered a taxable benefit under the Flexible Benefit Plan.

The Plan is administered by Charlotte Public Schools.

NOTE L: RISK MANAGEMENT

The District participates in a pool, the MASB-SEG Property and Casualty Pool with other school districts for boiler, property, fleet, liability, in-land marine, crime, data processing, and errors and omissions. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self insurance pool. The District has no liability for additional assessments based on the claims filed against the pool nor do they have rights to dividends.

The District also participates in a pool, the SEG Self-Insured Workers' Disability Compensation Fund, with other school districts for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. The District has no liability for additional assessments based on the claims filed against the pool nor do they have any rights to dividends.

NOTE M: SPECIAL EDUCATION UNDERFUNDING SETTLEMENT

Prior to the current year the Durant vs. State of Michigan case was settled and the State was required to reimburse each plaintiff and nonplaintiff District an agreed upon amount for past under funding of special education. Charlotte Public Schools, a nonplaintiff District, was awarded \$931,778 in the settlement. The funds are being paid as follows:

- a. One-half is being paid over the next ten (10) years, which began November 15, 1998. The restrictions on use of these funds are detailed within State School Aid Act, Section 11F(6). These funds are recorded within the General Fund as categorical State Aid. At the end of the current year all these funds had been expended.
- b. One-half is being paid over the next fifteen (15) years, which began May 15, 1999. The District borrowed this portion of the settlement amount through the Michigan Municipal Bond Authority on November 15, 1998. These funds were recorded as bond proceeds in the Capital Projects Fund. The bond proceeds may be used for any purpose specified in Section 1351 (a) of the Revised School Code. The debt service payments for these bonds are to be made through an annual legislative appropriation. If the State of Michigan legislature fails to make the annual appropriation the District is under no obligation for the debt payments for that year. The District has pledged the annual State payments to the Michigan Municipal Bond Authority for payment of debt service.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE N: BONDED CONSTRUCTION FUNDS

The Capital Project Funds of the District include the capital projects activities funded in part by the Durant Resolution Bonds dated November 15, 1998, the 1999 Building and Site General Obligation Bonds, and the 2002 Building and Site General Obligation Bonds. The remaining funding for the activities recorded within the Capital Project Funds is funded by local appropriations from the General Fund, and other local dollars (i.e., interest, etc.) For these projects recorded within the Capital Project Funds, the District has complied with the applicable provisions of Section 1351 (1) of the Revised School Code in prior and current years. The Durant Resolution Bond and 1999 Bond construction projects were substantially completed in prior years and their applicable bond audits were done at that time.

Beginning with the year of bond issuance for the 2002 Building and Site General Obligation Bonds the District has reported the annual construction activity in the 2002 Bond Project (Capital Projects) Fund. The projects for which the 2002 Building and Site General Obligation Bonds were issued were considered substantially complete on September 1, 2004 and the cumulative expenditures recognized for the construction period through the date of substantial completion were \$21,287,295.

REQUIRED SUPPLEMENTARY INFORMATION

Charlotte Public Schools

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 2,983,736	\$ 2,994,436	\$ 3,028,052	\$ 33,616
State sources	20,919,150	21,265,830	21,285,038	19,208
Federal sources	610,061	706,712	674,941	(31,771)
OTHER FINANCING SOURCES				
Transfers from other funds	76,000	76,000	77,168	1,168
County special education allocation	221,000	251,744	251,744	-0-
Payments from other governments	334,000	219,564	242,916	23,352
Other transactions	170,000	210,450	176,867	(33,583)
TOTAL REVENUES AND OTHER FINANCING SOURCES	25,313,947	25,724,736	25,736,726	11,990
EXPENDITURES				
INSTRUCTION				
Basic programs				
Elementary	4,368,920	4,377,684	4,388,779	(11,095)
Middle school	3,731,443	3,730,306	3,756,876	(26,570)
High School	2,691,600	2,623,212	2,634,243	(11,031)
Youth facility	114,518	132,310	132,078	232
Class size reduction	108,629	96,546	97,333	(787)
Other basic programs	-	854	5,692	(4,838)
Total basic programs	11,015,110	10,960,912	11,015,001	(54,089)
Added needs				
At-Risk program	242,227	192,327	166,155	26,172
Special education	2,481,226	2,549,401	2,523,746	25,655
Compensatory education	695,171	741,122	742,084	(962)
Vocational education	592,554	589,338	591,105	(1,767)
ASAP-LAP Grant	-	9,172	8,408	764
Total added needs	4,011,178	4,081,360	4,031,498	49,862
Adult and continuing education	306,585	379,271	374,939	4,332
TOTAL INSTRUCTION	15,332,873	15,421,543	15,421,438	105

Charlotte Public Schools

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
SUPPORTING SERVICES				
Student services				
Guidance services	\$ 686,754	\$ 738,262	\$ 725,433	\$ 12,829
Health services	14,050	14,050	11,986	2,064
Social work services	48,843	47,836	48,203	(367)
Teacher consultants	141,804	106,697	106,021	676
Other pupil services	107,252	126,443	121,286	5,157
Total student services	998,703	1,033,288	1,012,929	20,359
Instructional staff				
Improvement of instruction	191,828	187,682	147,222	40,460
Media services	858,593	899,311	898,470	841
Supervision and direction of instruction staff	175,719	80,158	78,227	1,931
Director of Special Education	143,977	146,187	146,228	(41)
Other instructional staff	72,953	44,456	42,971	1,485
Total instructional staff	1,443,070	1,357,794	1,313,118	44,676
General administration				
Board of education	103,400	85,465	91,366	(5,901)
Executive administration	232,877	253,054	245,902	7,152
Total general administration	336,277	338,519	337,268	1,251
School administration	1,572,218	1,575,820	1,559,260	16,560
Business				
Fiscal services	321,700	319,789	315,764	4,025
Other business services	53,900	151,200	150,470	730
Total business	375,600	470,989	466,234	4,755
Operations and maintenance	2,493,023	2,447,222	2,457,677	(10,455)
Transportation	985,229	1,195,153	1,214,795	(19,642)

Charlotte Public Schools

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
SUPPORTING SERVICES - CONTINUED				
Other supporting services				
Communication services	\$ 50,253	\$ 50,253	\$ 47,872	\$ 2,381
Personnel services	70,378	75,257	79,815	(4,558)
Total other supporting services	120,631	125,510	127,687	(2,177)
TOTAL SUPPORTING SERVICES	8,324,751	8,544,295	8,488,968	55,327
COMMUNITY SERVICES				
Direction	45,668	48,050	48,457	(407)
Community recreation	371,848	314,802	311,541	3,261
Childcare	176,873	207,541	211,387	(3,846)
Performing Arts Center	104,995	106,356	106,682	(326)
TOTAL COMMUNITY SERVICES	699,384	676,749	678,067	(1,318)
TOTAL EXPENDITURES	24,357,008	24,642,587	24,588,473	54,114
OTHER FINANCING USES				
Transfers to other funds	332,140	345,816	345,532	284
Payments to other districts	515,799	843,797	860,199	(16,402)
Other transactions	109,000	38,501	18,693	19,808
TOTAL OTHER FINANCING USES	956,939	1,228,114	1,224,424	3,690
TOTAL EXPENDITURES AND OTHER FINANCING USES	25,313,947	25,870,701	25,812,897	57,804
EXCESS OF REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES	-0-	(145,965)	(76,171)	69,794
Fund balance, beginning of year	2,994,338	2,994,338	2,994,338	-0-
Fund balance, end of year	<u>\$ 2,994,338</u>	<u>\$ 2,848,373</u>	<u>\$ 2,918,167</u>	<u>\$ 69,794</u>

OTHER SUPPLEMENTARY INFORMATION

Charlotte Public Schools
Nonmajor Governmental Funds
COMBINING BALANCE SHEET

June 30, 2005

	Special Revenue Funds			Debt
	Food Service	Athletics	Performing Arts	2005 Debt
ASSETS				
Cash and cash equivalents	\$ 288,773	\$ 80,987	\$ 10,853	\$ 9,435
Accounts receivable	8,086	-	-	-
Taxes receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units	2,400	-	-	-
Inventories	35,822	-	-	-
Prepays	-	-	7,227	-
TOTAL ASSETS	\$ 335,081	\$ 80,987	\$ 18,080	\$ 9,435
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 1,632	\$ -
Accrued payroll	15,470	13,554	-	-
Other accrued liabilities	9,847	3,052	70	-
Due to other funds	115,399	16,939	14,246	-
Deferred revenue	-	-	1,850	-
TOTAL LIABILITIES	140,716	33,545	17,798	-0-
FUND BALANCES				
Reserved for				
Inventories and prepaid expenditures	35,822	-	7,227	-
Debt service	-	-	-	9,435
Unreserved				
Designated for:	-	-	-	-
Capital projects				
Subsequent year's expenditures	10,200	-	-	-
Undesignated, reported in				
Special revenue funds	148,343	47,442	(6,945)	-
TOTAL FUND BALANCES	194,365	47,442	282	9,435
TOTAL LIABILITIES AND FUND BALANCES	\$ 335,081	\$ 80,987	\$ 18,080	\$ 9,435

Service Funds		Capital Project Funds		Total
2002 Debt	1999 Debt	2002 Bond Projects	1999 Bond Projects	
\$ 92,254	\$ 172,118	\$ 590,693	\$ 237,827	\$ 1,482,940
-	-	-	-	8,086
9,917	42,169	-	-	52,086
1,094	1,875	-	417	3,386
-	-	-	-	2,400
-	-	-	-	35,822
-	-	-	-	7,227
<u>\$ 103,265</u>	<u>\$ 216,162</u>	<u>\$ 590,693</u>	<u>\$ 238,244</u>	<u>\$ 1,591,947</u>
\$ -	\$ -	\$ 60,595	\$ 61,074	\$ 123,301
-	-	-	-	29,024
-	-	-	-	12,969
73,285	124,280	-	-	344,149
-	-	-	-	1,850
<u>73,285</u>	<u>124,280</u>	<u>60,595</u>	<u>61,074</u>	<u>511,293</u>
-	-	-	-	43,049
29,980	91,882	-	-	131,297
-	-	530,098	177,170	707,268
-	-	-	-	10,200
-	-	-	-	188,840
<u>29,980</u>	<u>91,882</u>	<u>530,098</u>	<u>177,170</u>	<u>1,080,654</u>
<u>\$ 103,265</u>	<u>\$ 216,162</u>	<u>\$ 590,693</u>	<u>\$ 238,244</u>	<u>\$ 1,591,947</u>

Charlotte Public Schools

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES

For the year ended June 30, 2005

	Special Revenue Funds			Debt
	Food Service	Athletics	Performing Arts	2005 Debt
REVENUES				
Local sources	\$ 656,469	\$ 259,103	\$ 138,922	\$ -
State sources	55,831	-	-	-
Federal sources	438,650	-	-	-
OTHER FINANCING SOURCES				
Transfers from other funds	-	345,532	-	-
Bond premium	-	-	-	1,402,151
Bond and loan proceeds	-	-	-	33,705,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	1,150,950	604,635	138,922	35,107,151
EXPENDITURES				
Current				
Food service	1,031,251	-	-	-
Athletics	-	573,320	-	-
Performing arts	-	-	137,472	-
Debt service				
Principal retirement	-	-	-	-
Interest, fiscal and other charges	-	-	-	321,066
Capital outlay	-	-	-	-
OTHER FINANCING USES				
Transfers to other funds	76,000	-	1,168	-
Transfer to escrow agent	-	-	-	34,776,650
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,107,251	573,320	138,640	35,097,716
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	43,699	31,315	282	9,435
Fund balances, beginning of year	150,666	16,127	-	-
Fund balances, end of year	\$ 194,365	\$ 47,442	\$ 282	\$ 9,435

Service Funds		Capital Project Funds		Total
2002 Debt	1999 Debt	2002 Bond Projects	1999 Bond Projects	
\$ 1,267,030	\$ 2,171,160	\$ 12,371	\$ 6,552	\$ 4,511,607
-	-	-	-	55,831
-	-	-	-	438,650
-	-	-	-	345,532
-	-	-	-	1,402,151
101,712	498,384	-	-	34,305,096
1,368,742	2,669,544	12,371	6,552	41,058,867
-	-	-	-	1,031,251
-	-	-	-	573,320
-	-	-	-	137,472
475,000	750,000	-	-	1,225,000
1,029,526	2,012,229	-	-	3,362,821
-	-	1,484,617	451,156	1,935,773
-	-	-	-	77,168
-	-	-	-	34,776,650
1,504,526	2,762,229	1,484,617	451,156	43,119,455
(135,784)	(92,685)	(1,472,246)	(444,604)	(2,060,588)
165,764	184,567	2,002,344	621,774	3,141,242
\$ 29,980	\$ 91,882	\$ 530,098	\$ 177,170	\$ 1,080,654

Charlotte Public Schools

Private Purpose Trust Funds

COMBINING STATEMENT OF NET ASSETS

June 30, 2005

	<u>Lundberg</u>	<u>Christine Wonch</u>	<u>Scholarships</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,482	\$ 219	\$ 6,027	\$ 9,728
Investments	<u>124,715</u>	<u>-</u>	<u>31,000</u>	<u>155,715</u>
Total current assets	128,197	219	37,027	165,443
Noncurrent assets				
Investments	<u>-</u>	<u>14,691</u>	<u>-</u>	<u>14,691</u>
TOTAL ASSETS	<u>\$ 128,197</u>	<u>\$ 14,910</u>	<u>\$ 37,027</u>	<u>\$ 180,134</u>
NET ASSETS				
Held in trust for private purposes	<u>\$ 128,197</u>	<u>\$ 14,910</u>	<u>\$ 37,027</u>	<u>\$ 180,134</u>

Charlotte Public Schools

Private Purpose Trust Funds

COMBINING STATEMENT OF CHANGES IN NET ASSETS

Year ended June 30, 2005

	<u>Lundberg</u>	<u>Christine Wonch</u>	<u>Scholarships</u>	<u>Total</u>
ADDITIONS				
Investment earnings				
Interest	\$ 4,278	\$ 638	\$ 6,427	\$ 11,343
DEDUCTIONS				
Other supporting services	<u>107,760</u>	<u>456</u>	<u>1,000</u>	<u>109,216</u>
CHANGE IN NET ASSETS	(103,482)	182	5,427	(97,873)
Net assets - beginning of year	<u>231,679</u>	<u>14,728</u>	<u>31,600</u>	<u>278,007</u>
Net assets - end of year	<u>\$ 128,197</u>	<u>\$ 14,910</u>	<u>\$ 37,027</u>	<u>\$ 180,134</u>

OTHER FINANCIAL INFORMATION

Charlotte Public Schools

SCHEDULE OF BONDED DEBT OUTSTANDING

Year Ended June 30, 2005

	Maturity Date	Interest Rate	Interest	Principal	Total
GENERAL OBLIGATION BONDS					
2002 School Building and					
Site Bonds, dated					
March 1, 2002					
	May 1, 2006	4.75	\$ 1,003,844	\$ 500,000	\$ 1,503,844
	May 1, 2007	4.75	980,094	550,000	1,530,094
	May 1, 2008	4.75	953,968	575,000	1,528,968
	May 1, 2009	4.75	926,656	600,000	1,526,656
	May 1, 2010	4.50	898,156	625,000	1,523,156
	May 1, 2011	4.50	870,032	675,000	1,545,032
	May 1, 2012	4.50	839,656	700,000	1,539,656
	May 1, 2013	4.30	808,156	750,000	1,558,156
	May 1, 2014	4.40	775,906	775,000	1,550,906
	May 1, 2015	4.50	741,806	800,000	1,541,806
	May 1, 2016	4.60	705,806	825,000	1,530,806
	May 1, 2017	4.70	667,856	875,000	1,542,856
	May 1, 2018	4.75	626,732	900,000	1,526,732
	May 1, 2019	4.88	583,982	975,000	1,558,982
	May 1, 2020	4.90	536,450	1,050,000	1,586,450
	May 1, 2021	5.00	485,000	1,125,000	1,610,000
	May 1, 2022	5.00	428,750	1,200,000	1,628,750
	May 1, 2023	5.00	368,750	1,300,000	1,668,750
	May 1, 2024	5.00	303,750	1,375,000	1,678,750
	May 1, 2025	5.00	235,000	1,475,000	1,710,000
	May 1, 2026	5.00	161,250	1,575,000	1,736,250
	May 1, 2027	5.00	82,500	1,650,000	1,732,500
			13,984,100	20,875,000	34,859,100

Charlotte Public Schools

SCHEDULE OF BONDED DEBT OUTSTANDING - CONTINUED

Year Ended June 30, 2005

	Maturity Date	Interest Rate	Interest	Principal	Total
GENERAL OBLIGATION BONDS					
1999 School Building and Site Bonds, dated July 13, 1999					
	May 1, 2006	5.00	\$ 1,941,562	\$ 800,000	\$ 2,741,562
	May 1, 2007	5.00	1,901,564	850,000	2,751,564
	May 1, 2008	5.25	1,859,062	900,000	2,759,062
	May 1, 2009	5.25	1,811,812	950,000	2,761,812
			7,514,000	3,500,000	11,014,000
2005 Refunding Bonds, dated May 4, 2005					
	May 1, 2006	3.00	1,614,601	75,000	1,689,601
	May 1, 2007	3.00	1,612,351	75,000	1,687,351
	May 1, 2008	3.00	1,610,101	75,000	1,685,101
	May 1, 2009	3.50	1,607,576	80,000	1,687,576
	May 1, 2010	3.50	1,587,363	1,075,000	2,662,363
	May 1, 2011	3.50	1,549,125	1,110,000	2,659,125
	May 1, 2012	4.25	1,504,731	1,175,000	2,679,731
	May 1, 2013	4.25	1,453,944	1,215,000	2,668,944
	May 1, 2014	4.50	1,399,326	1,280,000	2,620,263
	May 1, 2015	4.50	1,340,263	1,345,000	2,619,625
	May 1, 2016	5.00	1,274,625	1,415,000	2,617,000
	May 1, 2017	5.00	1,202,000	1,490,000	2,615,125
	May 1, 2018	5.00	1,125,125	1,585,000	2,629,125
	May 1, 2019	5.00	1,044,125	1,655,000	2,614,625
	May 1, 2020	5.00	959,625	1,725,000	2,596,625
	May 1, 2021	5.00	871,625	1,795,000	2,575,000
	May 1, 2022	5.00	780,000	1,870,000	2,554,875
	May 1, 2023	5.00	684,875	1,935,000	2,521,375
	May 1, 2024	5.00	586,375	2,005,000	2,591,375
	May 1, 2025	5.00	484,375	2,075,000	2,559,375
	May 1, 2026	5.00	379,000	2,140,000	2,519,000
	May 1, 2027	5.00	271,625	2,155,000	2,426,625
	May 1, 2028	5.00	163,500	2,170,000	2,333,500
	May 1, 2029	5.00	54,625	2,185,000	2,239,625
			25,160,881	33,705,000	58,052,930

Charlotte Public Schools

SCHEDULE OF BONDED DEBT OUTSTANDING - CONTINUED

Year Ended June 30, 2005

	Maturity Date	Interest Rate	Interest	Principal	Total
RESOLUTION BONDS					
1998 Durant Resolution Bond, dated November 15, 1998	May 15, 2006	4.76	\$ 10,165	\$ 22,551	\$ 32,716
	May 15, 2007	4.76	46,623	107,760	154,383
	May 15, 2008	4.76	7,967	24,750	32,717
	May 15, 2009	4.76	6,789	25,928	32,717
	May 15, 2010	4.76	5,554	27,162	32,716
	May 15, 2011	4.76	4,261	28,455	32,716
	May 15, 2012	4.76	2,906	29,809	32,715
	May 15, 2013	4.76	1,487	31,227	32,714
			<u>85,752</u>	<u>297,642</u>	<u>383,394</u>
TOTAL BONDED DEBT OUTSTANDING			<u>\$46,744,733</u>	<u>\$58,377,642</u>	<u>\$ 104,309,424</u>

Principals

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Charlotte Public Schools
Charlotte, Michigan

We have audited the accompanying balance sheet and statement of revenues, expenditures and changes in fund balance of the 2002 Bond Project Capital Projects Fund, which is the fund that reported the activity of the 2002 Bond activity of Charlotte Public Schools as of and for the thirty month period ended September 1, 2004. These statements are the responsibility of the District's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statements were prepared for the purpose of complying with the provisions of the Michigan Revised School Code (Public Act 451 of 1976, as amended), Part 17-Bonds and Notes, Section 380.1351 (a) as described in Note N. The presentation is not intended to be a presentation of the District's total revenues and expenditures.

In our opinion, the statements referred to above presents fairly, in all material respects, the financial position of the 2002 Bond Project Capital Projects Fund, which is the fund that reported the activity of the 2002 Bond activity of Charlotte Public Schools as of and for the thirty month period ended September 1, 2004, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 18, 2005, on our consideration of Charlotte Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

December 1, 2004

Charlotte Public Schools

Capital Projects Fund

2002 Bond Projects

BALANCE SHEET

September 1, 2004

ASSETS

Cash and cash equivalents	<u>\$ 2,393,769</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 1,285,985
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FUND BALANCE

Unreserved - undesignated	<u>1,107,784</u>
---------------------------	------------------

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,393,769</u>
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Charlotte Public Schools

Capital Projects Fund

2002 Bond Projects

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

For the 30 Month Period Ended September 1, 2004

REVENUES

LOCAL SOURCES

Interest	\$ 877,195
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OTHER FINANCING SOURCES

Bond proceeds	<u>21,517,884</u>
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TOTAL REVENUES AND OTHER FINANCING SOURCES	22,395,079
--	------------

EXPENDITURES

Capital outlay	18,319,733
----------------	------------

Other	<u>2,967,562</u>
-------	------------------

TOTAL EXPENDITURES	<u>21,287,295</u>
--------------------	-------------------

EXCESS OF REVENUES AND OTHER FINANCING
SOURCES OVER EXPENDITURES AND OTHER
FINANCING USES

1,107,784

Fund balance, beginning of period

<u>-</u>

Fund balance, end of period

<u><u>\$ 1,107,784</u></u>

Principals

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education
Charlotte Public Schools
Charlotte, Michigan

We have audited the financial statements of the Charlotte Public Schools as of and for the year ended June 30, 2005, and have issued our report thereon dated August 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Charlotte Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charlotte Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the use of the administration and Board of Education of Charlotte Public Schools and is not intended to be used by anyone other than these specified parties.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

August 18, 2005

Charlotte Public Schools

**SUPPLEMENTARY INFORMATION
TO FINANCIAL STATEMENTS
(FEDERAL AWARDS)**

June 30, 2005

Charlotte Public Schools

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Charlotte Public Schools
Charlotte, Michigan

Compliance

We have audited the compliance of Charlotte Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that is applicable to the major Federal program for the year ended June 30, 2005. Charlotte Public Schools' major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to the major Federal programs are the responsibility of Charlotte Public Schools' management. Our responsibility is to express an opinion on Charlotte Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major Federal programs occurred. An audit includes examining, on a test basis, evidence about Charlotte Public Schools' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Charlotte Public Schools' compliance with those requirements.

In our opinion, Charlotte Public Schools complied, in all material respects, with the requirements referred to above that are applicable to the major Federal programs for the year ending June 30, 2005.

Internal Control Over Compliance

The management of Charlotte Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Charlotte Public Schools' internal control over compliance with requirements that could have a direct and material effect on the major Federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one (1) or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to the major Federal programs being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Charlotte Public Schools as of and for the year ended June 30, 2005, and have issued our report thereon dated August 18, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Charlotte Public Schools' basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education and administration of Charlotte Public Schools, the pass-through grantors, and the Federal awarding agencies and is not intended to be used by anyone other than these specified parties.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

August 18, 2005

Charlotte Public Schools

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2005

Federal Grantor / Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Restated Program or Award Amount
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
E.S.E.A. Title I	84.010	(e)	
2004-05 Regular - Part A		0415300405	\$ 1,927
2004-05 Regular - Part A		0515300405	337,331
2004-05 Regular - Part D		0417000405	4,445
2004-05 Regular - Part D		0517000405	29,786
2003-04 Regular - Part A		0415300304	371,201
2003-04 Regular - Part D		0417000304	18,726
			<u>763,416</u>
Technology Literacy Challenge Grants	84.318		
2003-04 Ed Tech - Formula Grant		0442900304	2,721
2004-05 Ed Tech - Formula Grant		0442900405	6,305
2004-05 Ed Tech - Formula Grant		0542900405	8,573
			<u>17,599</u>
Improving Teacher Quality	84.367		
2003-04		0305200304	83,621
2003-04		0405200304	96,013
2004-05		0405200405	50,447
2004-05		0505200405	145,004
			<u>375,085</u>
Passed Through State Department of Education and Eaton Intermediate School District			
Special Education 94-142			
Flow Through	84.027		
2003-04		0304500203	100,000
2004-05		8051050450	100,938
Least Restrictive Environment			
2003-04		0304500203	5,000
2004-05		8051050450	5,000
			<u>210,938</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			1,367,038

<u>(Memo Only)</u> <u>Prior Years'</u> <u>Expenditures</u>	<u>Balance</u> <u>July 1, 2004</u> <u>Accrued or</u> <u>(Deferred)</u> <u>Revenue</u>	<u>Cash</u> <u>Receipts</u> <u>In-Kind</u> <u>Payments</u>	<u>Expenditures</u>	<u>Balance</u> <u>June 30, 2005</u> <u>Inventory/</u> <u>Cash or</u> <u>(Payables)</u>
\$ -	\$ -	\$ 1,927	\$ 1,927	\$ -0-
-	-	223,208	337,331	(114,123)
-	-	4,445	4,445	-0-
-	-	9,781	22,054	(12,273)
371,201	84,696	84,696	-	-0-
12,564	2,533	8,695	6,162	-0-
383,765	87,229	332,752	371,919	(126,396)
2,718	1,090	1,093	3	-0-
-	-	1,401	6,305	(4,904)
-	-	-	914	(914)
2,718	1,090	2,494	7,222	(5,818)
83,621	2,257	2,257	-	-0-
69,134	34,386	61,265	26,879	-0-
-	-	50,447	50,447	-0-
-	-	36,057	97,136	(61,079)
152,755	36,643	150,026	174,462	(61,079)
100,000	100,000	100,000	-	-0-
-	-	938	100,938	(100,000)
2,453	2,453	2,453	-	-0-
-	-	-	5,000	(5,000)
102,453	102,453	103,391	105,938	(105,000)
641,691	227,415	588,663	659,541	(298,293)

Charlotte Public Schools

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2005

Federal Grantor / Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Restated Program or Award Amount
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Michigan			
State Police			
SHSGP Part II (School Initiative)	97.004	N/A	\$ 15,400
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education			
School Breakfast Program	10.553 ^(f)		
2003-04		041970	59,836
2004-05		051970	<u>63,248</u>
			123,084
National School Lunch Program	10.555 ^(f)		
2003-04		041950,041960	260,095
2004-05		051950,051960	257,468
2003-04		041980	1,642
2004-05		051980	<u>634</u>
			519,839
Food Donation ^(a)	10.550		
Entitlement commodities		23030	57,363
Bonus commodities		23030	<u>12,828</u>
			<u>70,191</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>713,114</u>
TOTAL FEDERAL AWARDS			<u>\$ 2,095,552</u>

<u>(Memo Only)</u> <u>Prior Years'</u> <u>Expenditures</u>	<u>Balance</u> <u>July 1, 2004</u> <u>Accrued or</u> <u>(Deferred)</u> <u>Revenue</u>	<u>Cash</u> <u>Receipts</u> <u>In-Kind</u> <u>Payments</u>	<u>Expenditures</u>	<u>Balance</u> <u>June 30, 2005</u> <u>Inventory/</u> <u>Cash or</u> <u>(Payables)</u>
\$ -	\$ -	\$ 15,400	\$ 15,400	\$ -0-
51,961	372	8,246	7,874	-0-
-	-	63,248	63,248	-0-
51,961	372	71,494	71,122	-0-
221,134	-	38,961	38,961	-0-
-	-	257,468	257,468	-0-
1,368	386	660	274	-0-
-	-	634	634	-0-
222,502	386	297,723	297,337	-0-
-	-	57,363	57,363	(c) -0-
-	-	12,828	12,828	(c) -0-
-0-	-0-	70,191	70,191	-0-
274,463	758	439,408	438,650	-0-
<u>\$ 916,154</u>	<u>\$ 228,173</u>	<u>\$ 1,043,471</u>	<u>\$ 1,113,591</u>	<u>(b) \$ (298,293)</u>
		(d)	(g)	

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2005

NOTE A: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of June 30, 2005, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE

The following descriptions identified below as (a) through (g) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards.

- (a) The current year expenditures for the Food Donation Program are determined based on the 2002/03 guidance provided in the Michigan Department of Education Administrative Policy Number 7. The amounts reported in this schedule as commodities received were taken from the Recipient Entitlement Balance Report which is in agreement in all material respects with the District's reported amounts.
- (b) The expenditures reported in this schedule are in agreement with the amounts reported in the financial statements and financial reports. The financial reports tested, including claims for advances and reimbursements, were materially correct, complete, accurate, and timely and contain information that is supported by the books and records from which the financial statements have been prepared.
- (c) The amount of out of conditioned commodities due to spoilage or shrinkage included in expenditures is immaterial to the Schedule of Expenditures of Federal Awards taken as a whole.
- (d) The amounts reported in this schedule as cash received are in agreement with the current payment amounts in the Grants Section Auditor's Report.
- (e) Denotes program tested as "major program".
- (f) Denotes programs required to be clustered by the United States Department of Agriculture.
- (g) Agrees to total revenues from Federal sources per financial statements.

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA



ABRAHAM & GAFFNEY, P.C.

Certified Public Accountants

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(517) 351-6836
FAX: (517) 351-6837

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Charlotte Public Schools
Charlotte, Michigan

We have audited the financial statements of Charlotte Public Schools, Michigan as of and for the year ended June 30, 2005, and have issued our report thereon dated August 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Charlotte Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education and administration of Charlotte Public Schools, the pass-through grantors, and Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

August 18, 2005

Charlotte Public Schools

SCHEDULE OF FINDINGS

For the Year Ended June 30, 2005

SUMMARY OF AUDITOR'S RESULTS

An unqualified opinion was issued on the basic financial statements. We noted no instances of noncompliance with laws, regulations, contracts, and grants that could have a direct and material effect on the basic financial statements.

An unqualified opinion was issued on compliance for major programs. We did not disclose any findings related to internal controls or compliance related to the major program tested.

The major program tested to cover 25 percent of the total Federal expenditures was the Title I (CFDA 84.010) program. Total Federal expenditures for the year ended June 30, 2005 for the major program was \$371,919, which is approximately 33 percent of total Federal expenditures. Based on the criteria of OMB Circular A-133, Charlotte Public Schools qualified as a low-risk auditee for the year ended June 30, 2005.

The District had one (1) Type A program, the Title I (CFDA 84.010; \$371,919) program. Programs of less than \$300,000 were determined to be Type B programs.

FINDINGS/NONCOMPLIANCE

Reportable Conditions Related to Internal Control Over the Financial Statements.

None

Findings Related to Compliance with Requirements Related to the Financial Statements.

None

Findings Related to Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.

None

Charlotte Public Schools

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2005

FINDINGS/NONCOMPLIANCE

Reportable Conditions Related to Internal Controls Over the Financial Statements.

No prior audit findings.

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

No prior audit findings.

Findings Related to Compliance with Requirements Applicable to Federal Awards and on Internal Control Over Compliance in Accordance with OMB Circular A-133.

No prior audit findings.

FORM
(5-2004)U.S. DEPT. OF COMM.— Econ. and Stat. Admin.— U.S. CENSUS BUREAU
ACTING AS COLLECTING AGENT FOR
OFFICE OF MANAGEMENT AND BUDGET**Data Collection Form for Reporting on
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS
for Fiscal Year Ending Dates in 2004, 2005, or 2006**

Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

**RETURN
TO****Federal Audit Clearinghouse
1201 E. 10th Street
Jeffersonville, IN 47132****PART I GENERAL INFORMATION (To be completed by auditee, except for Items 4 and 7)****1. Fiscal period ending date for this submission**Month Day Year
6 / 30 2005Fiscal Period End Dates Must
Be In 2004, 2005, or 2006**2. Type of Circular A-133 audit**1 ☒ Single audit 2 ☐ Program-specific audit**3. Audit period covered**1 ☒ Annual 2 ☐ Biennial 3 ☐ Other — Months**4. FEDERAL
GOVERNMENT
USE ONLY**Date received by
Federal clearinghouse**5. Auditee Identification Numbers****a. Primary Employer Identification Number (EIN)**

3 8 — 6 0 0 1 1 0 1

b. Are multiple EINs covered in this report? 1 ☐ Yes 2 ☒ No**c. If Part I, Item 5b = "Yes," complete Part I, Item 5c on the continuation sheet on Page 4.****d. Data Universal Numbering System (DUNS) Number** — — **e. Are multiple DUNS covered in this report?** 1 ☐ Yes 2 ☐ No**f. If Part I, Item 5e = "Yes," complete Part I, Item 5f on the continuation sheet on Page 4.****6. AUDITEE INFORMATION****a. Auditee name**

CHARLOTTE PUBLIC SCHOOLS

b. Auditee address (Number and street)

378 STATE ST.

City

CHARLOTTE

State

ZIP + 4 Code

MI

4 8 8 1 3 —

c. Auditee contact

Name

DON SOVEY, CPA, CFO

Title

ASSOCIATE SUPERINTENDENT OF BUSINESS

d. Auditee contact telephone

(517) 541 — 5100

e. Auditee contact FAX

(517) 541 — 5105

f. Auditee contact E-mail**g. AUDITEE CERTIFICATION STATEMENT** — This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in **Parts I, II, and III** of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

Signature of certifying official

Date

Month Day Year

Printed Name of certifying official

DONALD SOVEY

Printed Title of certifying official

ASSOCIATE SUPT FOR BUSINESS

7. AUDITOR INFORMATION (To be completed by auditor)**a. Auditor name**

ABRAHAM AND GAFFNEY, P.C.

b. Auditor address (Number and street)

3511 COOLIDGE RD, SUITE 100

City

EAST LANSING

State

ZIP + 4 Code

MI

4 8 8 2 3 —

c. Auditor contact

Name

STEVE KIRINOVIC

Title

PRINCIPAL

d. Auditor contact telephone

(517) 351 — 6836

e. Auditor contact FAX

(517) 351 — 6837

f. Auditor contact E-mail**9. AUDITOR STATEMENT** — The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 7, 8, and 9a-9f, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and **is not a substitute** for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in **Parts II and III** of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Signature of auditor

Date

Month Day Year

9 / 30 / 2005

PART II FINANCIAL STATEMENTS (To be completed by auditor)**1. Type of audit report**

Mark either:

1 ☒ Unqualified opinion **OR**any combination of: 2 ☐ Qualified opinion 3 ☐ Adverse opinion 4 ☐ Disclaimer of opinion**2. Is a "going concern" explanatory paragraph included in the audit report?**1 ☐ Yes 2 ☒ No**3. Is a reportable condition disclosed?**1 ☐ Yes 2 ☒ No - SKIP to Item 5**4. Is any reportable condition reported as a material weakness?**1 ☐ Yes 2 ☐ No**5. Is a material noncompliance disclosed?**1 ☐ Yes 2 ☒ No**PART III FEDERAL PROGRAMS (To be completed by auditor)****1. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending \$500,000 or more in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA Audit Guide, Chapter 12)**1 ☐ Yes 2 ☒ No**2. What is the dollar threshold to distinguish Type A and Type B programs? (OMB Circular A-133 § .520(b))**

\$ 300,000

3. Did the auditee qualify as a low-risk auditee? (§ .530)1 ☒ Yes 2 ☐ No**4. Is a reportable condition disclosed for any major program? (§ .510(a)(1))**1 ☐ Yes 2 ☒ No - SKIP to Item 6**5. Is any reportable condition reported as a material weakness? (§ .510(a)(1))**1 ☐ Yes 2 ☐ No**6. Are any known questioned costs reported? (§ .510(a)(3) or (4))**1 ☐ Yes 2 ☒ No**7. Were Prior Audit Findings related to **direct** funding shown in the Summary Schedule of Prior Audit Findings? (§ .315(b))**1 ☐ Yes 2 ☒ No**8. Indicate which **Federal** agency(ies) have current year audit findings related to **direct** funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to **direct** funding. (Mark (X) all that apply or None)**98 ☐ U.S. Agency for International Development83 ☐ Federal Emergency Management Agency43 ☐ National Aeronautics and Space Administration96 ☐ Social Security Administration10 ☐ Agriculture39 ☐ General Services Administration89 ☐ National Archives and Records Administration19 ☐ U.S. Department of State23 ☐ Appalachian Regional Commission93 ☐ Health and Human Services05 ☐ National Endowment for the Arts20 ☐ Transportation11 ☐ Commerce97 ☐ Homeland Security06 ☐ National Endowment for the Humanities21 ☐ Treasury94 ☐ Corporation for National and Community Service14 ☐ Housing and Urban Development06 ☐ National Endowment for the Humanities82 ☐ United States Information Agency12 ☐ Defense03 ☐ Institute of Museum and Library Services47 ☐ National Science Foundation64 ☐ Veterans Affairs84 ☐ Education15 ☐ Interior07 ☐ Office of National Drug Control Policy00 ☒ None81 ☐ Energy16 ☐ Justice59 ☐ Small Business Administration☐ Other - Specify:66 ☐ Environmental Protection Agency09 ☐ Legal Services Corporation

Each agency identified is required to receive a copy of the reporting package.

In addition, one copy each of the reporting package is required for:

- the Federal Audit Clearinghouse archives ☒
- and, if not marked above, the Federal cognizant agency ☐

Count total number of boxes marked above and submit this number of reporting packages

1

PART III**FEDERAL PROGRAMS - Continued****9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR****10. AUDIT FINDINGS**

Federal Agency Prefix ¹	CFDA Number	Extension ²	Research and development (c)	Name of Federal program (d)	Amount expended (e)	Major program		Type(s) of compliance requirement(s) ⁴ (a)	Audit finding reference number(s) ⁵ (b)
						Direct award (f)	If yes, type of audit report ³ (h)		
8 4	010		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	E.S.E.A TITLE 1	\$ 371,919 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	O	N/A
8 4	318		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TECHNOLOGY LITERACY CHALLENGE GRANTS	\$ 7,222 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 4	367		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	IMPROVING TEACHER QUALITY	\$ 174,462 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 4	027		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SPECIAL EDUCATION 94-142	\$ 105,938 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
9 7	004		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SHSGP PART II	\$ 15,400 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 0	553		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SCHOOL BREAKFAST PROGRAM	\$ 71,122 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 0	555		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	NATIONAL SCHOOL LUNCH PROGRAM	\$ 297,337 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
1 0	550		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	FOOD DONATION	\$ 70,191 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
			1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
			1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
TOTAL FEDERAL AWARDS EXPENDED					\$ 1,113,591 .00				

IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS

¹ See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

² Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

³ If major program is marked "Yes," enter only one letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.

⁴ Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § .510(a)) reported for each Federal program.

⁵ N/A for NONE

A. Activities allowed or unallowed
B. Allowable costs/cost principles
C. Cash management
D. Davis - Bacon Act

I. Procurement and suspension and debarment
J. Program income
K. Real property acquisition and relocation assistance

L. Reporting
M. Subrecipient monitoring
N. Special tests and provisions
O. None
P. Other

PART I

Item 5 Continuation Sheet

List the multiple Employer Identification Numbers (EINs) covered in this report.

f. List the multiple DUNS covered in the report.

1	N	A	21	41	21	1	N	A	21
2	-		22	42		2	-		22
3	-		23	43		3	-		23
4	-		24	44		4	-		24
5	-		25	45		5	-		25
6	-		26	46		6	-		26
7	-		27	47		7	-		27
8	-		28	48		8	-		28
9	-		29	49		9	-		29
10	-		30	50		10	-		30
11	-		31	51		11	-		31
12	-		32	52		12	-		32
13	-		33	53		13	-		33
14	-		34	54		14	-		34
15	-		35	55		15	-		35
16	-		36	56		16	-		36
17	-		37	57		17	-		37
18	-		38	58		18	-		38
19	-		39	59		19	-		39
20	-		40	60		20	-		40

IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS.